國浩集團有限公司
Guoco Group Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 53)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.10(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next page.

As at the date of this announcement, the board of directors of Guoco Group Limited comprises Mr. Kwek Leng Hai as Executive Chairman; Mr. Tang Hong Cheong as President & CEO; Mr. Kwek Leng San and Mr. Tan Lim Heng as Non-executive Directors and Mr. Volker Stoeckel, Mr. Roderic N. A. Sage and Mr. David Michael Norman as Independent Non-executive Directors.

News release

26 January 2017

The Rank Group Plc ("Rank" or the "Group")

Half-year results for the six months ended 31 December 2016

Financial highlights

		H1 2016/17 (unaudited)	H1 2015/16 (unaudited)	Change
Financial KPIs	Group like-for-like revenue	**£378.6m**	£372.9m	2%
	Digital revenue	**£52.4m**	£47.1m	11%
	Venues like-for-like revenue	**£326.2m**	£325.8m	0%
	Group EBITDA before exceptional items	**£59.7m**	£62.7m	(5)%
	Group operating profit before exceptional items	**£36.6m**	£40.4m	(9)%
	Adjusted profit before tax	**£34.5m**	£37.4m	(8)%
	Adjusted earnings per share	**6.9p**	7.4p	(7)%
Statutory performance	Statutory revenue	**£355.3m**	£352.7m	1%
	Profit before taxation after exceptional items	**£35.4m**	£42.7m	(17)%
	Cash generated from continuing operations	**£51.8m**	£63.7m	(19)%
	Net debt	**£33.0m**	£52.0m	37%
	Basic earnings per share	**7.0p**	8.1p	(14)%
	Dividend per share	**2.0p**	1.8p	11%

Key highlights

- Like-for-like group revenue up 2%
- Digital revenue up 11%; digital platform stable and performing well
- Like-for-like retail revenue flat in the period
- Improving trends in retail casino and UK digital in Q2 over Q1
- Digital operations restructured to drive further future growth
- Debt levels 37% lower than prior year with leverage down to 0.3x
- Continued strong dividend growth with interim dividend of 2.0p, up 11% year-on-year

Henry Birch, Chief Executive of The Rank Group Plc said:

"The first half of the Group's financial year has seen challenging trading conditions for both our retail casino and bingo businesses, with strong comparable figures in the previous year. That being said, both businesses showed a year-on-year improvement from quarter to quarter. Our digital business continues to grow strongly and there remains significant potential for this channel as we deliver improvements in H2."

"Despite increased inflationary and employment costs, we have detailed plans to improve H2 operating profit and remain confident that the Group will make good strategic progress in 2017. As a result, the Board expects that the full year results will be in line with market forecasts."

Ends

Definition of terms:

- Any reference to Group revenue or like-for-like group revenue is before adjustment for customer incentives;
- Group EBITDA is Group operating profit before exceptional items, depreciation and amortisation;
- Adjusted profit before tax is profit from continuing operations before taxation adjusted to exclude exceptional items and other financial gains or losses;
- Adjusted earnings per share is calculated by adjusting profit attributable to equity shareholders to exclude the impact of reductions in tax rate, discontinued operations, exceptional items, other financial gains or losses and the related tax effects as detailed in note 7;
- "H1 2016/17" refers to the unaudited six-month period to 31 December 2016 and "H1 2015/16" refers to the unaudited six-month period to 31 December 2015;
- Following the decision to merge Rank's UK digital operations into one team, the Group has decided to change its segmental reporting and to disclose the Group's UK facing digital operations as a single segment. Enracha will also now be shown as a single segment rather than split between digital and retail operations as Enracha's digital results are not yet large enough to warrant reporting as a separate segment;
- Like-for-like measures have been disclosed in this report to show the impact of club openings, closures, relocations, and discontinued operations;
- Prior year like-for-like measures are amended to show an appropriate comparative for the impact of club openings, closures, relocations, and discontinued operations. A £1.3m reduction to H1 2015/16 Group revenue has been made to reflect a like-for-like prior year comparative; and
- The Group results make reference to "'adjusted" results alongside our statutory results, which we believe will be more useful to readers as we manage our business using these adjusted measures. The directors believe that exceptional items and other adjustments impair visibility of the underlying performance of the Group's business and accordingly, these are excluded from our non-GAAP measurement of revenue, profit before tax, EBITDA, operating profit and adjusted EPS. Adjusted measures are the same as those used for internal reports.

Enquiries

The Rank Group Plc
Sarah Powell, investor relations Tel: 01628 504 303

FTI Consulting LLP
Ed Bridges Tel: 020 3727 1067
Alex Beagley Tel: 020 3727 1045

Photographs available from www.rank.com

Analyst meeting and webcast details:
Thursday 26 January 2017
There will be an analyst meeting at 9.30am, admittance to which is by invitation only. There will also be a simultaneous webcast of the meeting.

For the live webcast, please register at www.rank.com. A replay of the webcast and a copy of the slide presentation will be made available on the website later. The webcast will be available for a period of six months.

Forward-looking statements
This announcement includes "forward-looking statements". These statements contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning. All statements, other than statements of historical facts included in this announcement, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Group's products and services) are forward-looking statements that are based on current expectations. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance, achievements or financial position of the

Group to be materially different from future results, performance, achievements or financial position expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's operating performance, present and future business strategies, and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this announcement. Subject to the Listing Rules of the Financial Conduct Authority, the Group expressly disclaims any obligation or undertaking, to disseminate any updates or revisions to any forward-looking statements, contained herein to reflect any change in the Group's expectations, with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Past performance cannot be relied upon as a guide to future performance.

Chief executive's review

Group revenue was up 1% in the period with like-for-like revenue up 2%. Our retail businesses faced challenging trading conditions and, although they grew their respective market shares, combined like-for-like retail revenue was flat. Digital continued to grow strongly with total revenue up 11%.

The introduction of the National Living Wage, increased property costs, along with general cost inflation led to Group EBITDA (before exceptional items) falling by 5% in the period. More recent trends in Grosvenor's casinos suggest an improvement in trading in H2, but further cost increases in 2017 are anticipated including changes to the National Living Wage in April, increased business rates and the impact of higher inflation.

In H1 2016/17 the Group completed a detailed review of its entire UK organisational structure and cost base designed to improve customer service, simplify operations and increase efficiencies. This has resulted in changes to management and team structures at both club and central levels, the decision to centralise support functions in a new office in Maidenhead and the merging of the separately run brand teams supporting digital into one operational team. These changes, along with strong control of discretionary costs, are expected to deliver H2 cost savings of circa £8m which equates to 2.5% of our cost base.

£m	**Group Revenue**[1]		**Operating profit**[2]	
	H1 2016/17	H1 2015/16	**H1 2016/17**	H1 2015/16
Grosvenor Venues	**202.0**	205.1	**26.1**	30.9
Mecca Venues	**108.0**	109.8	**13.3**	14.3
UK Digital	**52.4**	47.1	**7.3**	8.0
meccabingo.com	33.1	33.2		
grosvenorcasinos.com	19.3	13.9		
Enracha	**16.2**	12.2	**2.9**	1.4
Central costs	**-**	-	**(13.0)**	(14.2)
Total	**378.6**	374.2	**36.6**	40.4

1 before adjustments for customer incentives
2 before exceptional items

Positive momentum continues in the Group's Spanish operations with both revenue and operating profit growing strongly in the period.

Exceptional items relating to continuing operations produced a profit of £1.8m in the year. Further detail can be found in the financial review.

Current trading and outlook
Trading in the 4-week period to 22 January 2017 has been in line with management's expectations and, combined with our detailed plans to improve H2 operating profit, we expect that the full year results will be in line with market forecasts.

Dividend
The Board targets a progressive and sustainable dividend. This dividend policy reflects the strong cash flow characteristics and long-term earnings potential of the Group, whilst allowing it to retain sufficient capital to fund ongoing operating requirements, investment and balance sheet management. The Board is pleased to declare an 11% increase in interim dividend to 2.0 pence per share to be paid on 21 March 2017 to shareholders on the register at 10 February 2017.

Regulation – Department of Culture, Media and Sport's ('DCMS') Triennial Review
On 2 December 2016, the Group submitted its response to the DCMS's call for evidence in relation to their review of gaming machines and social responsibility measures. Rank supports the Government's review and believes both the gambling industry and Rank can do more to mitigate gambling-related harm while still providing an improved service to the majority of customers who gamble responsibly. A copy of Rank's submission can be accessed from its corporate website, rank.com.

In summary, Rank recommended:
1. an increase in the ratio of machines to tables in the 2005 Act “small” casinos from 2:1 to 3:1, subject to a maximum of 80 machines; and
2. to harmonise the machine allocation in the 1968 Act casinos from a fixed 20 Category B machines to the same 3:1 ratio.

We expect the DCMS will publish its consultation paper during the first half of 2017.

Grosvenor Casinos Performance Review - Venues

	H1 2016/17	H1 2015/16	Change
Revenue[1] (£m)	202.0	205.1	(2)%
EBITDA[2] (£m)	38.8	43.0	(10)%
Operating profit[2] (£m)	26.1	30.9	(16)%
Like-for-like revenue	0%		

1 Before adjustment for customer incentives
2 Before exceptional items

The trading environment for Grosvenor venues has been challenging with like-for-like revenue flat in the period, impacted by a lower than average gaming margin: 15.8% vs a five year average of 16.3%. Trading in the equivalent period in 2015 was particularly strong and revenue in H1 represents a 3% increase over the equivalent period in 2014. Information from the Gambling Commission shows that in October 2016 – the last period for which information is currently available - Grosvenor achieved its highest share of admissions in four years.

The casino sector has been impacted by a more stringent application of customer due diligence to address money laundering, proceeds of crime and problem gambling, which in part has led to lower visits. Additionally, evidence points to the wider leisure sector having experienced a weaker 2016 with eating and drinking out conversely benefiting. Recent trends have been more encouraging and consecutive quarters from Q4 2015/16 (April-June 2016) through to Q1 and the most recent Q2 have all shown an improvement in comparable trading.

Lower revenue and higher employment and property costs led to a 16% fall in operating profit.

Key performance indicators

	H1 2016/17	H1 2015/16	Change
Customer visits (000s)	3,958	4,194	(6)%
Spend per visit (£)	51.04	48.90	4%

Spend per visit increased by 4% in the period.

In July 2016, Grosvenor’s Princes casino in Glasgow was closed and the Group plans to relocate the spare licences alongside the brand’s two remaining casinos in Glasgow once the necessary licensing and planning approvals have been obtained.

Venues regional analysis

The casino estate is split into three key areas – London, Provinces and Belgium. To better illustrate the different performance across the estate, analysis is provided below.

	Customer visits (000s)		Spend per visit (£)		Revenue (£m)		Operating profit (£m)	
	H1 2016/17	H1 2015/16	H1 2016/17	H1 2015/16	H1 2016/17	H1 2015/16	H1 2016/17	H1 2015/16
London	732	772	98.36	97.41	72.0	75.2	13.6	16.0
Provinces	3,093	3,293	39.35	37.47	121.7	123.4	11.5	14.4
Belgium	133	129	62.41	50.39	8.3	6.5	1.0	0.5
Total	3,958	4,194	51.04	48.90	202.0	205.1	26.1	30.9

Venues revenue analysis – Great Britain only

£m	H1 2016/17	H1 2015/16	Change
Casino games	126.2	131.9	(4)%
Gaming machines	44.5	43.1	3%
Card room games	7.9	7.6	4%
Food & drink/other	15.1	16.0	(6)%
Total	193.7	198.6	(2)%

Mecca Performance Review - Venues

	H1 2016/17	H1 2015/16	Change
Revenue[1] (£m)	108.0	109.8	(2)%
EBITDA[2] (£m)	19.2	20.8	(8)%
Operating profit[2] (£m)	13.3	14.3	(7)%
Like-for-like revenue	0%		

1 Before adjustment for customer incentives

2 Before exceptional items

Like-for-like revenue was flat in the period with a reduction in visits offset by a higher spend per visit. Total revenue was down 2% as a result of the closure of two clubs in the period: West Bromwich in August and Bradford in November. Operating profit fell by 7% in the year due to lower revenue and the impact of higher employment costs.

Key performance indicators

	H1 2016/17	H1 2015/16	Change	LFL change
Customers[3] (000s)	969	973	(0)%	(1)%
Customer visits (000s)	5,379	5,756	(7)%	(6)%
Spend per visit (£)	20.08	19.08	5%	

3 Customers shown on a moving annual total ('MAT') basis

Customer numbers fell in the period, down 1%, with 2% growth in the 18 to 24 age category, offset by reductions across the other age categories. Like-for-like visits fell by 6% in the period while spend per visit rose by 5%.

Mecca will continue to add to its product and service offering in the second half of the financial year, including participation in the launch of a new National Game for bingo and the roll-out of additional Mecca Maxes, and will look to mitigate additional cost from the increase in the National Living Wage.

Venues revenue analysis:

£m	H1 2016/17	H1 2015/16	Change	LFL change
Main stage bingo	17.2	16.0	8%	9%
Interval games	42.4	44.5	(5)%	(3)%
Amusement machines	35.4	36.0	(2)%	0%
Food & drink/other	13.0	13.3	(2)%	0%
Total	108.0	109.8	(2)%	0%

UK Digital Performance Review

	H1 2016/17	H1 2015/16	Change
Revenue[1] (£m)	52.4	47.1	11%
meccabingo.com	33.1	33.2	0%
grosvenorcasinos.com	19.3	13.9	39%
EBITDA[1] (£m)	10.1	10.1	0%
Operating profit[1] (£m)	7.3	8.0	(9)%

1 Before adjustment for customer incentives

UK digital revenue grew by 11% in the period driven by the continued strong performance of grosvenorcasinos.com, up 39%, and an improving meccabingo.com performance. Meccabingo.com's revenues were flat in the period but revenues grew 3% in Q2 with growth continuing into 2017.

UK digital operating profit fell by 9% due to higher operating costs but we expect operating margins to improve significantly in H2.

Key performance indicators

	H1 2016/17	H1 2015/16	Change
Customers (000s)[2]	418	402	4%
Customer cross over			
meccabingo.com	9.3%	9.0%	0.3ppt
grosvenorcasinos.com[3]	3.2%	2.7%	0.5ppt

2 Customers shown on a moving annual total ('MAT')
3 The percentage of registered venues customers which are also digital customers; this number has been impacted by the introduction of FOD/POD

A new sportsbook offer and an improved poker product were launched in the period. Both are performing in line with management's expectations. The sportsbook, powered by Kambi, is being used by approximately 15% of Grosvenor's weekly active customer base and, as well as generating additional revenue, is proving an effective retention tool. Digital poker remains a low but growing revenue contributor, but we now have increased flexibility to leverage our leading land-based position in poker and are part of a growing poker network.

The Group's digital operations were restructured into a single team in the period, rather than separate brand-led digital teams, and from now will report as a single business segment. The single team supports a multi-brand approach and we plan to launch more digital brands in the course of 2017.

Enracha Performance Review

Positive momentum continues in the Group's Spanish operations with both revenue and operating profit growing strongly in the year.

	H1 2016/17	H1 2015/16	Change
Revenue (€m)	18.8	16.9	11%
Revenue (£m)	16.2	12.2	33%
EBITDA[1] (£m)	3.7	2.2	68%
Operating profit[1] (€m)	3.4	1.9	79%
Operating profit[1] (£m)	2.9	1.4	107%

1 Before exceptional items

A stronger Spanish economy contributed to an 11% increase in euro revenues in the year. Operating profit was up 107% driven by revenue growth.

Key performance indicators

	H1 2016/17	H1 2015/16	Change
Customers (000s)[2]	270	260	4%
Customer visits (000s)	982	978	0%
Spend per visit (€)	19.14	17.28	11%
Spend per visit (£)	16.50	12.47	32%

2 Customers shown on a moving annual total ('MAT')

Euro spend per visit increased 11% in the period.

Venues revenue analysis

€m	H1 2016/17	H1 2015/16	Change
Bingo	10.4	9.8	6%
Amusement machines	6.5	5.8	12%
Food & drink/other	1.9	1.3	46%
Total	18.8	16.9	11%

<u>Our strategy</u>

Rank's aim is to be the UK's leading multi-channel gaming operator. We are focused on building brands with the ability to deliver them via the channels our customers prefer, whether that is through our 150 venues, online or mobile.

1. Creating a compelling multi-channel offer

In the markets where we operate, Rank is one of the few gaming companies in a position to provide customers a genuine multi-channel gaming offer. We have a number of key assets, including a portfolio of 150 venues, our membership-based model with approximately 2.9 million members, our loyalty and reward programmes and the high levels of engagement that our team members enjoy with customers.

Activity in H1 2016/17

- **Full launch of digital Grosvenor Casinos' sports book:** Launched in H1, Grosvenor's sportsbook has performed well both financially and as a retention tool for existing customers, with approximately 15% of Grosvenor's weekly active user base placing bets on the sportsbook
- **Continued improvements to digital poker offer:** During the period the new poker product was marketed into the brand's venues with improved returns expected from H2

Priorities for H2 2016/17

- **Launch of single account and wallet:** Grosvenor Casinos aims to trial its first single account and wallet offer in its Stockport casino in June 2017, and will be shortly followed by a roll-out across the remainder of the Grosvenor estate
- **Launch of new bingo brand across both online and retail channels:** The new online Luda bingo brand is scheduled to be launched in 2017 alongside its retail channel (subject to planning)

2. Building digital capability

Rank has built strong positions in venue-based gaming which we seek to replicate across our digital channels (online and mobile). In H1 2016/17, our digital operations generated 14% of Group revenue whereas digital channels now represent around 45% of Great Britain's gambling market (excluding National Lottery), presenting a significant growth opportunity. We continue to enhance our capability in this area such that we can leverage our active retail customer base of 2.8m customers and meet their changing needs.

Activity in H1 2016/17

- **Restructure of digital team:** In H1 Rank created a single team responsible for its UK digital operations. The creation of a single, multi-brand digital team allows for clearer lines of accountability, improved efficiencies and a structure which can be leveraged easily into multiple brands
- **Improvement to Grosvenor Casinos' digital Live Casino offer:** In July 2016, Grosvenor Casinos' successful live casino product was refreshed following the move of its supplier's studio from Riga, Latvia to a larger facility in Malta. In addition, the brand is investigating the possibility of streaming live venues table gaming to our digital customers as an alternative Live Casino offer
- **Launch of new digital Mecca VIP site:** A new VIP microsite was launched alongside a new VIP programme. The dedicated VIP team will work alongside customer service agents based in our new Customer Solutions Hub in Sheffield
- **Enracha.es:** The full Enracha.es site went live in the period offering customers digital bingo, blackjack, and roulette. Slots is expected to be launched shortly

Priorities for H2 2016/17

- **Launch of new digital brands:** A slots-led brand is scheduled to be launched in H2 and the multi-channel bingo brand Luda will go live later in 2017. Both brands will be aimed at new, existing and lapsed digital customers
- **Agreements with new games providers:** New digital slots and games providers will continue to be added in H2 to provide our customers with greater choice

3. Developing our venues

Our casino and bingo venues remain a material part of Rank's business, providing entertainment for millions of customers each year and generating the majority of the Group's revenue and profits. By continuing to invest in our venues (in terms of product, environment and service) and by creating new ones, we are constantly evolving and enhancing the experiences that we offer to customers and, in doing so, growing our revenue.

Activity in H1 2016/17

- **Mecca refurbishments:** A further three venues (Blackpool, Glasgow Forge and Swansea) were refurbished in H1 2016/17 at a cash cost of £0.8m. No further refurbishments are scheduled for H2
- **Refurbishments of Grosvenor Casinos' venues in Leeds and Nottingham:** A £3.0m refurbishment of Grosvenor's casino in Leeds was completed in the period alongside the relocation of an unused Leeds licence. The refurbishment of Grosvenor's Nottingham casino was commenced in the period and is expected to be completed in H2 2016/17 at a total cost of £3.0m
- **Further roll out of full ('FOD') and partial open door ('POD') in Grosvenor Casinos:** The planned FOD and POD rollout was completed in the period
- **Open door policy trial in Mecca:** During the period Mecca trialled open door at its Acocks Green venue. Initial feedback is positive, however it is too early to decide whether further trials will take place

Priorities for H2 2016/17

- **Addition of second licence alongside Grosvenor's existing casino:** An unused licence in Leeds was opened in the period and licence applications have been submitted to utilise two unused licences in Glasgow
- **Opening of new concept bingo venues:** The Group has made several planning applications to secure sites for the new bingo brand, but to date applications have been rejected. Additional locations have been identified and the Group continues to liaise with landlords to secure the necessary approvals
- **Refurbishments of Grosvenor's London Golden Horseshoe casino:** This will be completed in H2 at a capital cost of £1.2m

4. **Investing in our brands and marketing**

The development of a group of well-defined, relevant and resonant brands is critical for the success of our ambition. Rank possesses a number of well-known brands with strong levels of affinity amongst customers. Continuing to invest and develop these brands, alongside new ones, is an important part of increasing and sustaining revenues.

Activity in H1 2016/17

- **Launch of new Customer Solutions Hub in Sheffield:** Rank successfully combined its in-house (London) and outsourced contact centres to a fully in-sourced facility in Sheffield in the period. The new centre's strategy aims to generate profit through a more proactive relationship with our customers and is open 24 hours a day 7 days per week. The Hub opened in September 2016 and to date customer satisfaction scores have increased and customer complaint resolution times have significantly reduced
- **Mecca TV advertising:** A new TV campaign was launched in H1. The campaign didn't meet the required returns and will not be rolled into H2

Priorities for H2 2016/17

- **Launch of a new CRM and segmentation tool:** This new tool will provide the business with a single customer view across all brands and channels with the ability to automate lifecycle campaigning across multiple communication channels

5. Using technology to drive efficiency and improve customer experience

The customer is at the heart of our focus on increasing the use of technology in our business and driving efficiency. Improved customer experience and operating margins can help create a competitive advantage. We have identified a number of opportunities to harness technological developments to offer our customers more engaging experiences and to achieve sustainable growth in operating margins.

Activity in H1 2016/17

- **Get Set Roulette launched in a further eight casinos:** The rollout of Get Set Roulette continued in the period. Get Set Roulette offers an enhanced customer experience for electronic roulette with a more consistent rate of play and greater choice of wheels
- **Rollout of new Neon casino management system:** Neon's rollout was successfully completed in July 2016
- **Investment in new cash line systems to accommodate the new £1 coin:** At a total cost of £1.2m the existing Mecca cashline system was upgraded in preparation for the introduction of the new £1 coin

Priorities for H2 2016/17

- **Get Set Roulette to launch in a further five casinos**
- **Trial of additional Neon functionality:** Neon's functionality for table management and single wallet is scheduled to be piloted in H2 2016/17
- **Additional Mecca Max rollout:** Following the successful introduction of additional Mecca Max units at the start in 2014/15, a further 5,250 units are soon to be rolled across the Mecca estate of which 2,500 will be incremental
- **New loyalty scheme for Grosvenor Casinos:** The new loyalty scheme within Neon will be trialled in H2 with plans for a full rollout across the casino estate soon after
- **New head office systems:** In H2 new modern human resources and finance systems will be put in place at a capital cost of £1.6m

Financial review

Statutory revenue for the six-month period rose by 1%.

Group like-for-like revenue for the six-month period from continuing operations rose by 2% to £378.6m, while Group operating profit before exceptionals of £36.6m was 9% lower than the prior period as a result of a disappointing venues performance, impact of the new National Living Wage and higher digital operating costs.

Profit before taxation after exceptional items fell by 17% in the period.

Lower anticipated vesting on the long term incentive plan, maturing in June 2017, has resulted in a net credit to central costs of £1.5m compared to a charge of £1.2m in H1 2015/16.

Adjusted net interest payable for the six months was lower than the comparable period due to lower debt levels and lower financing costs following the refinancing of Rank's bank facilities in September 2015 (further details can be found in note 4).

Adjusted earnings per share was down 7% year on year at 6.9p.

Taxation

The Group's effective corporation tax rate on continuing operations was 22.0% (H1 2015/16: 22.2%) based on a tax charge of £7.6m on adjusted profit before taxation and exceptionals. The Group's effective corporation tax rate for 2016/17 is expected to fall within the range of 22% to 23%. In the period the Group incurred a £1.0m exceptional tax charge which principally relates to the surrender of Mecca's Bradford lease offset by a number of tax exceptional credits.

On a statutory unadjusted basis, the Group had an effective tax rate of 20.6% (H1 2015/16: 2.1%) based on a tax charge of £7.3m a total profit of £35.4m.

The Group had a cash tax rate of 17.0% on adjusted profit (H1 2015/16: 15.2%). This adjusted cash tax rate was in line with management's expectations. The Group is expected to have a cash tax rate of 16% to 18% for the full year. This is lower than the Group's effective corporation tax rate due to the timing of corporation tax instalment payments and the utilisation of losses in the Group.

As highlighted in previous reports, the Group previously participated in a disclosed tax avoidance scheme. The scheme is now expected to be litigated through the courts with another tax payer as the lead case and following some recent delays may not be heard until after August 2017. The principal amount of tax under dispute was settled by Rank in the prior year.

Cash flow

	Six months to 31 December 2016 £m	**Six months to 31 December 2015 £m**
Continuing operations		
Cash inflow from operations	57.9	67.0
Net cash payments in respect of provisions and exceptional items	(6.1)	(3.3)
Cash generated from continuing operations	51.8	63.7
Capital expenditure	(17.0)	(26.1)
Fixed asset disposals	-	7.0
Net interest and tax payments	(7.2)	(5.1)
Payment of disputed tax	-	(21.4)
Dividends paid	(18.4)	(15.6)
Refund of unclaimed dividend	0.2	-
Convertible loan payment	-	(1.0)
Other (including foreign exchange translation)	(1.2)	(0.6)
Cash inflow	8.2	0.9
Opening net debt	(41.2)	(52.9)
Closing net debt	(33.0)	(52.0)

Exceptional items
In H1 2016/17, the Group carried out a detailed review of its entire UK organisational structure designed to improve customer service and simplify operations. This has resulted in changes to management and team structures at both venues and the support offices, the decision to combine support functions into one office in Maidenhead and the merging of the separate digital brand teams into one operational digital team. The cost of this restructure is estimated to be £8.0m with £3.8m booked in H1 with the balance expected to be incurred in H2.

Other exceptional items refer to the successful exit of an onerous lease in Bradford and an impairment of the Grosvenor's Southend casino following its disappointing performance.

Full details of the Group's exceptional items are provided in note 3.

Financial structure and liquidity
At 31 December 2016, net debt was £33.0m compared to net debt of £52.0m at 31 December 2015. The net debt comprised £80.0m in bank term loans, £11.1m in fixed rate Yankee bonds, £8.3m in finance leases and £5.1m in overdrafts, offset by cash at bank and in hand of £71.5m.

At the start of the financial year the Group's banking facilities comprised £80.0m bi-lateral term loans and £90.0m of undrawn bi-lateral revolving credit facilities totalling £170.0m. The £80.0m of term loan facilities comprises three bilateral agreements and the £90.0m of revolving credit facilities comprises three bi-lateral agreements.

The bank facilities require the maintenance of a minimum ratio of earnings before interest, tax, depreciation and amortisation ('EBITDA') to net interest payable and a maximum ratio of net debt to EBITDA, tested biannually. The Group has complied with its banking covenants.

The Group's balance sheet continued to strengthen in the period with net debt falling by 37% to £33m (0.3 times leverage at 31 December 2016.

Capital expenditure

	six months to 30 June 2016 £m	**six months to 30 June 2015 £m**
Cash:		
Grosvenor Venues	6.7	12.5
Mecca Venues	4.0	3.0
UK digital	1.5	1.2
Enracha	0.5	2.4
Central	4.3	7.0
Total capital expenditure	17.0	26.1

During the period, Rank invested £6.7m into its Grosvenor Casinos venues with two major venue projects started in the period. In December 2016, the £3.0m extension and refurbishment of Grosvenor's Nottingham casino was commenced and completion is expected in H2. In addition, the £3.0m refurbishment of the Grosvenor Leeds Westgate casino was completed in the period. The balance was principally spent on smaller scale venue improvements, known as Sparkles, maintenance and other IT investments.

Mecca invested £4.0m into its venues in the period with £0.9m spent on the refurbishment of three venues, £0.6m on new Mecca Max units and £0.4m on wi-fi and network refresh. With the introduction of the new £1 coin in March 2017, £0.4m was spent on the replacement of cashline coin mechanisms and new coin counters. The balance was spent on general venue improvements and maintenance.

UK Digital invested £1.5m in the period, with the majority invested into meccabingo.com to improve our core bingo product and the IOS application along with purchase of the URL for the new Luda brand. Grosvenorcasinos.com's key project for the half was the launch of the new sportsbook.

Development of the Group's single account and wallet offer continued with £2.0m being invested in the period. Other Central investments included the ongoing works to the new HR and finance systems and IT systems utilised by the new Customer Solutions Hub.

Capital investment for the full year is now expected to be in the range of £50m to £55m. This is lower than previously guided, reflecting lower cash generated from operations, and results from cancellation or delay to a number of retail projects, including new electronic product in Grosvenor Casinos. In addition, to the on-going projects detailed above, the key projects planned for H2 include major refurbishments at the Golden Horseshoe and Piccadilly casinos in London, a new casino loyalty system, a new support office in Maidenhead, additional Mecca Max units and new games / applications for UK Digital.

Total capital committed at 31 December 2016 was £4.5m.

Going concern

In adopting the going concern basis for preparing the financial information the directors have considered the issues impacting the Group during the period as detailed in the financial review and have reviewed the Group's projected compliance with its banking covenants. Based on the Group's cash flow forecasts and operating budgets, and assuming that trading does not deteriorate considerably from the current levels, the directors believe that the Group will generate sufficient cash to meet its borrowing requirements for at least 12 months from the approval of this report and comply with all of its banking covenants.

Principal risks and uncertainties

The Group's risk management strategy focuses on the minimisation of risks for the Group. Key risks are reviewed by the executive committee and the board on a regular basis and, where appropriate, actions are taken to mitigate the key risks that are identified. The principal risks and uncertainties faced by the Group remain those set out in the Group's annual report and financial statements for the year ended 30 June 2016 and include:

- regulatory, finance and tax risks;
- operational risk (volatility of gaming win, loss of licences, business continuity and disaster recovery); and
- information technology risks.

Greater detail on these risks and uncertainties are set out in pages 34 to 36 of the Group's 2016 annual report and financial statements.

The Group is primarily focused on the UK market and is not directly exposed to risks from Brexit. However the Group does face a number of indirect risks including ability to attract and retain non-UK casino staff, cost inflation on imported goods as well as the general economic risks arising from macro-economic conditions and inflationary pressures arising from the UK's exit from Europe.

Directors' Responsibility Statement

The interim management report complies with the Disclosure Rules and Transparency Rule ('DTR') of the United Kingdom's Financial Conduct Authority in respect of the requirement to produce a half-yearly financial report. The interim report is the responsibility of, and has been approved, by the directors. We confirm to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34;
- The interim management report includes a fair review of the important events during the first six months and the description of the principal risks and uncertainties for the remaining six months of the year, as required by DTR 4.2.7R; and
- The interim management report and note 12 to the Group financial statements include a fair review of related party transactions and changes therein; as required by DTR 4.2.8R.

The directors of The Rank Group Plc are:

Chris Bell
Henry Birch
Ian Burke
Steven Esom
Susan Hooper
Clive Jennings
Lord Kilmorey
Owen O'Donnell

Signed on behalf of the board on 25 January 2017

Henry Birch	Clive Jennings
Chief Executive	Finance Director

Independent Review Report to The Rank Group Plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2016 which comprises the Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Changes in Equity, Group Balance Sheet, Group Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
25 January 2017

Group Income Statement
for the six months to 31 December 2016

	Note	**Six months to 31 December 2016 (unaudited)** Before Exceptional Items £m	Exceptional items (note 3) £m	Total £m	Six months to 31 December 2015 (unaudited) Before exceptional items £m	Exceptional items (note 3) £m	Total £m
Continuing operations							
Revenue before adjustment for customer incentives		**378.6**	**-**	**378.6**	374.2	-	374.2
Customer incentives		**(23.3)**	**-**	**(23.3)**	(21.5)	-	(21.5)
Revenue	2	**355.3**	**-**	**355.3**	352.7	-	352.7
Cost of sales		**(193.0)**	**(0.2)**	**(193.2)**	(188.1)	-	(188.1)
Gross profit		**162.3**	**(0.2)**	**162.1**	164.6	-	164.6
Other operating (costs) income		**(125.7)**	**2.0**	**(123.7)**	(124.2)	6.0	(118.2)
Group operating profit	2	**36.6**	**1.8**	**38.4**	40.4	6.0	46.4
Financing:							
– finance costs		**(2.2)**	**-**	**(2.2)**	(3.1)	-	(3.1)
– finance income		**0.1**	**-**	**0.1**	0.1	-	0.1
– other financial losses		**(0.9)**	**-**	**(0.9)**	(0.7)	-	(0.7)
Total net financing charge	4	**(3.0)**	**-**	**(3.0)**	(3.7)	-	(3.7)
Profit before taxation		**33.6**	**1.8**	**35.4**	36.7	6.0	42.7
Taxation	5	**(6.3)**	**(1.0)**	**(7.3)**	(5.1)	0.3	(4.8)
Profit for the period from continuing operations		**27.3**	**0.8**	**28.1**	31.6	6.3	37.9
Discontinued operations		**-**	**-**	**-**	-	3.7	3.7
Profit for the period		**27.3**	**0.8**	**28.1**	31.6	10.0	41.6
Attributable to:							
Equity holders of the parent		**27.3**	**0.8**	**28.1**	31.6	10.0	41.6
Earnings per share attributable to equity shareholders							
– basic		**7.0**	**0.2**	**7.2**	8.1	2.5	10.6
– diluted		**7.0**	**0.2**	**7.2**	8.1	2.5	10.6
Earnings per share – continuing operations							
– basic		**7.0**	**0.2**	**7.2**	8.1	1.6	9.7
– diluted		**7.0**	**0.2**	**7.2**	8.1	1.6	9.7
Earnings per share – discontinued operations							
– basic		**-**	**-**	**-**	-	0.9	0.9
– diluted		**-**	**-**	**-**	-	0.9	0.9

Group Statement of Comprehensive Income
for the six months to 31 December 2016

	Six months to 31 December 2016 (unaudited) £m	Six months to 31 December 2015 (unaudited) £m
Comprehensive income:		
Profit for the period	**28.1**	41.6
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange adjustments net of tax	**1.0**	1.3
Items that will not be reclassified to profit or loss:		
Actuarial loss on retirement benefits net of tax	**-**	(0.1)
Total comprehensive income for the period	**29.1**	42.8
Attributable to:		
Equity holders of the parent	**29.1**	42.8

Group Statement of Changes in Equity

for the six months to 31 December 2016

	For the six months to 31 December 2016 (unaudited)					
	Share capital £m	**Share premium £m**	**Capital redemption reserve £m**	**Exchange translation reserve £m**	**Retained earnings £m**	**Total £m**
At 1 July 2016	**54.2**	**98.4**	**33.4**	**13.5**	**153.1**	**352.6**
Comprehensive income:						
Profit for the period	**-**	**-**	**-**	**-**	**28.1**	**28.1**
Other comprehensive income:						
Exchange adjustments including tax	**-**	**-**	**-**	**1.0**	**-**	**1.0**
Total comprehensive income for the period	**-**	**-**	**-**	**1.0**	**28.1**	**29.1**
Transactions with owners:						
Dividends paid to equity holders (note 6)	**-**	**-**	**-**	**-**	**(18.4)**	**(18.4)**
Refund of unclaimed dividends (note 6)	**-**	**-**	**-**	**-**	**0.2**	**0.2**
Debit in respect of employee share schemes including tax	**-**	**-**	**-**	**-**	**(1.3)**	**(1.3)**
At 31 December 2016	**54.2**	**98.4**	**33.4**	**14.5**	**161.7**	**362.2**

	For the six months to 31 December 2015 (unaudited)					
	Share Capital £m	Share Premium £m	Capital Redemption Reserve £m	Exchange translation reserve £m	Retained earnings £m	Total £m
At 1 July 2015	54.2	98.4	33.4	9.0	99.4	294.4
Comprehensive income:						
Profit for the period	-	-	-	-	41.6	41.6
Other comprehensive income:						
Exchange adjustments including tax	-	-	-	1.3	-	1.3
Actuarial loss on retirement benefits net of tax	-	-	-	-	(0.1)	(0.1)
Total comprehensive income for the period	-	-	-	1.3	41.5	42.8
Transactions with owners:						
Dividends paid to equity holders (note 6)	-	-	-	-	(15.6)	(15.6)
Credit in respect of employee share schemes including tax	**-**	**-**	**-**	**-**	1.3	1.3
At 31 December 2015	54.2	98.4	33.4	10.3	126.6	322.9

Group Balance Sheet
at 31 December 2016 and 30 June 2016

	Note	**31 December 2016 (unaudited) £m**	30 June 2016 £m
Assets			
Non-current assets			
Intangible assets		**404.0**	404.3
Property, plant and equipment		**188.5**	202.0
Deferred tax assets		**1.2**	1.3
Other receivables		**6.6**	6.5
		600.3	614.1
Current assets			
Inventories		**3.1**	2.9
Other receivables		**28.4**	36.2
Income tax receivable		**0.4**	0.4
Cash and short-term deposits		**71.5**	61.0
		103.4	100.5
Total assets		**703.7**	714.6
Liabilities			
Current liabilities			
Trade and other payables		**(129.2)**	(139.3)
Income tax payable		**(13.6)**	(11.0)
Financial liabilities - loans and borrowings		**(16.3)**	(14.4)
Provisions	8	**(11.1)**	(9.2)
		(170.2)	(173.9)
Net current liabilities		**(66.8)**	(73.4)
Non-current liabilities			
Trade and other payables		**(33.2)**	(34.7)
Financial liabilities - loans and borrowings		**(88.2)**	(87.8)
Deferred tax liabilities		**(19.6)**	(21.0)
Provisions	8	**(26.6)**	(40.9)
Retirement benefit obligations		**(3.7)**	(3.7)
		(171.3)	(188.1)
Total liabilities		**(341.5)**	(362.0)
Net assets		**362.2**	352.6
Capital and reserves attributable to the Company's equity shareholders			
Share capital		**54.2**	54.2
Share premium		**98.4**	98.4
Capital redemption reserve		**33.4**	33.4
Exchange translation reserve		**14.5**	13.5
Retained earnings		**161.7**	153.1
Total shareholders' equity		**362.2**	352.6

Group Cash Flow Statement
for the six months to 31 December 2016

	Note	**Six months to 31 December 2016 (unaudited) £m**	Six months to 31 December 2015 (unaudited) £m
Cash flows from operating activities			
Cash generated from continuing operations	10	**51.8**	63.7
Interest received		**0.1**	0.1
Interest paid		**(1.5)**	(2.5)
Tax paid		**(5.8)**	(22.6)
Discontinued operations		**-**	(0.2)
Net cash from operating activities		**44.6**	38.5
Cash flows from investing activities			
Purchase of intangible assets		**(3.8)**	(6.5)
Purchase of property, plant and equipment		**(13.2)**	(19.6)
Proceeds from sale of property, plant and equipment		**-**	7.0
Purchase of convertible loan note		**-**	(1.0)
Net cash used in investing activities		**(17.0)**	(20.1)
Cash flows from financing activities			
Dividends paid to equity holders		**(18.4)**	(15.6)
Refund of unclaimed dividends		**0.2**	-
Drawdown of revolving credit facilities		**-**	7.0
Repayment of term loans		**-**	(120.0)
Drawdown of term loans		**-**	90.0
Loan arrangement fees		**-**	(1.5)
Finance lease principal payments		**(0.7)**	(1.5)
Net cash used in financing activities		**(18.9)**	(41.6)
Net increase (decrease) in cash, cash equivalents and bank overdrafts		**8.7**	(23.2)
Effect of exchange rate changes		**(0.2)**	0.1
Cash and cash equivalents at start of period		**57.9**	87.5
Cash and cash equivalents at end of period*		**66.4**	64.4

*Cash and cash equivalents at the end of the period includes overdraft of £5.1m (year ended 31 December 2015: £5.9m)

1 General information, basis of preparation and accounting policies

The Company is a public limited company which is listed on the London stock exchange and incorporated and domiciled in England and Wales under registration number 03140769. The address of its registered office is Statesman House, Stafferton Way, Maidenhead, SL6 1AY.

This condensed consolidated interim financial information was approved for issue on 25 January 2017.

This condensed consolidated financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the 12 month period ended 30 June 2016 were approved by the board of directors on 22 August 2016 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement made under Section 498 of the Companies Act 2006.

This condensed consolidated interim financial information has been reviewed but not audited.

Basis of preparation

This condensed consolidated interim financial information for the six months ended 31 December 2016 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS34 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the financial statements for the 12 month period ended 30 June 2016, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern

In adopting the going concern basis for preparing the financial information the directors have considered the issues impacting the Group during the period as detailed in the business review segment above and have reviewed the Group's projected compliance with its banking covenants. Based on the Group's cash flow forecasts and operating budgets, and assuming that trading does not deteriorate considerably from current levels, the directors believe that the Group will generate sufficient cash to meet its requirements for at least 12 months from the date of approval of the interim financial information and comply with all of its banking covenants. Accordingly the adoption of the going concern basis remains appropriate.

Accounting policies

There have been no new or amended standards or interpretations that became effective in the period which have had a material impact upon the values or disclosures in the interim financial information.

Except as described below, the accounting policies applied are consistent with those of the financial statements for the 12 month period ended 30 June 2016, as described in those financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

Changes in presentation – analysis by segment

The combination of the operating segments has been modified following changes in management responsibilities. As from 1 December 2016 Grosvenor Casinos Digital and Mecca Digital have been combined into a single operating segment which is now known as UK digital.

Enracha Venues and Enracha Digital have also been combined into a single operating segment which is now known as Enracha.

As a result the group will now report five segments being Grosvenor Venues, Mecca Venues, UK Digital, Enracha and Central Costs. 2015 comparative information has been restated.

2 Segment information - continuing operations

	Six months to 31 December 2016 (unaudited)					
	Grosvenor Venues £m	**Mecca Venues £m**	**UK Digital £m**	**Enracha £m**	**Central costs £m**	**Total £m**
Continuing operations						
Group revenue reported in internal information	**202.0**	**108.0**	**52.4**	**16.2**	**-**	**378.6**
Customer incentives	**(6.9)**	**(5.9)**	**(10.5)**	**-**	**-**	**(23.3)**
Segment revenue	**195.1**	**102.1**	**41.9**	**16.2**	**-**	**355.3**
Operating profit (loss) before exceptional items	**26.1**	**13.3**	**7.3**	**2.9**	**(13.0)**	**36.6**
Exceptional operating (loss) profit	**(4.2)**	**10.5**	**(1.4)**	**(0.2)**	**(2.9)**	**1.8**
Segment result	**21.9**	**23.8**	**5.9**	**2.7**	**(15.9)**	**38.4**
Finance costs						**(2.2)**
Finance income						**0.1**
Other financial losses						**(0.9)**
Profit before taxation						**35.4**
Taxation						**(7.3)**
Profit for the period from continuing operations						**28.1**

	Six months to 31 December 2015 (unaudited)*					
	Grosvenor Venues £m	Mecca Venues £m	UK Digital £m	Enracha £m	Central costs £m	Total £m
Continuing operations						
Group revenue reported in internal information	205.1	109.8	47.1	12.2	-	374.2
Customer incentives	(7.8)	(5.3)	(8.4)	-	-	(21.5)
Segment revenue	197.3	104.5	38.7	12.2	-	352.7
Operating profit (loss) before exceptional items	30.9	14.3	8.0	1.4	(14.2)	40.4
Exceptional operating profit	-	6.0	-	-	-	6.0
Segment result	30.9	20.3	8.0	1.4	(14.2)	46.4
Finance costs						(3.1)
Finance income						0.1
Other financial losses						(0.7)
Profit before taxation						42.7
Taxation						(4.8)
Profit for the period from continuing operations						37.9

* 2015 figures have been restated based on the following changes to operating segments effective from 1 December 2016:
- Grosvenor Casinos Digital and Mecca Digital have been reported as a single operating segment now known as UK Digital
- Enracha Venues and Enracha Digital have been reported as a single operating segment now known as Enracha

2 Segment information - continuing operations (continued)

To increase transparency, the Group continues to include additional disclosure analysing total costs by type and segment. A reconciliation of total costs, before exceptional items, by type and segment is as follows:

	Six months to 31 December 2016 (unaudited)					
	Grosvenor Venues	**Mecca Venues**	**UK Digital**	**Enracha**	**Central costs**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Employment and related costs	**71.1**	**27.7**	**4.9**	**7.3**	**9.5**	**120.5**
Taxes and duties	**42.4**	**17.3**	**4.5**	**0.8**	**0.9**	**65.9**
Direct costs	**7.0**	**10.4**	**12.6**	**1.4**	**-**	**31.4**
Property costs	**15.1**	**13.4**	**0.4**	**0.7**	**0.6**	**30.2**
Marketing	**7.3**	**5.1**	**6.5**	**0.4**	**-**	**19.3**
Depreciation and amortisation	**12.7**	**5.9**	**2.8**	**0.8**	**0.9**	**23.1**
Other	**13.4**	**9.0**	**2.9**	**1.9**	**1.1**	**28.3**
Total costs before exceptional items	**169.0**	**88.8**	**34.6**	**13.3**	**13.0**	**318.7**
Cost of sales						**193.0**
Operating costs						**125.7**
Total costs before exceptional items						**318.7**

	Six months to 31 December 2015 (unaudited)*					
	Grosvenor Venues	Mecca Venues	UK Digital	Enracha	Central costs	Total
	£m	£m	£m	£m	£m	£m
Employment and related costs	69.7	26.4	4.1	5.8	8.7	114.7
Taxes and duties	43.3	18.0	5.7	0.7	0.8	68.5
Direct costs	5.9	10.4	11.0	1.1	-	28.4
Property costs	14.5	13.2	0.3	0.8	0.5	29.3
Marketing	8.9	5.7	6.4	0.4	-	21.4
Depreciation and amortisation	12.1	6.5	2.1	0.8	0.8	22.3
Other	12.0	10.0	1.1	1.2	3.4	27.7
Total costs before exceptional items	166.4	90.2	30.7	10.8	14.2	312.3
Cost of sales						188.1
Operating costs						124.2
Total costs before exceptional items						312.3

* 2015 figures have been restated based on the following changes to operating segments effective from 1 December 2016:
- Grosvenor Casinos Digital and Mecca Digital have been reported as a single operating segment now known as UK Digital
- Enracha Venues and Enracha Digital have been reported as a single operating segment now known as Enracha

3 Exceptional items

	Six months to 31 December 2016 (unaudited) £m	Six months to 31 December 2015 (unaudited) £m
Exceptional items relating to continuing operations		
Closure of venues	**(0.3)**	6.0
Impairment charges	**(4.7)**	-
Impairment reversals	**0.6**	-
Group restructuring including relocation costs	**(3.8)**	-
Release from provisions for property leases	**10.7**	-
Aborted acquisition costs	**(0.7)**	-
Exceptional operating income	**1.8**	6.0
Taxation (see note 5)	**(1.0)**	0.3
Exceptional items relating to continuing operations	**0.8**	6.3
Exceptional items relating to discontinued operations		
Finance costs (see note 4)	**-**	(0.2)
Taxation (see note 5)	**-**	3.9
Exceptional items relating to discontinued operations	**-**	3.7
Total exceptional items	**0.8**	10.0

Continuing operations

Closure of venues
The Group has recognised £0.1m for additional costs associated with the closure of two Grosvenor clubs and £0.2m for a gaming duty claim in relation to a previously disposed Enracha club.

Impairment charges
The Group has recognised an impairment charge of £4.1m for a venue within Grosvenor Venues and £0.6m for a venue within Enracha. Performance at these venues has not been in line with expectations.

Impairment reversal
The Group has recognised an impairment reversal of £0.6m for a venue within Enracha. Performance at this venues has exceeded expectations due to improvements in the local economic environment.

Group restructuring including relocation costs
In H1 2016/17 the Group carried out a detailed review of its entire UK organisational structure designed to improve customer service and simplify operations. This has resulted in changes to management and team structures at both club and central levels, the decision to centralise support functions into a new office in Maidenhead and the merging of the separately run brand teams supporting digital into one operational team. The cost of this restructure is estimated to be £8.0 million with £3.8 million recognised in H1 and the balance expected to be incurred in H2.

H1 costs include £1.2m of redundancy cost, £2.3m of relocation cost and £0.3m of legal and professional fees.

Costs by segment were £0.1m Grosvenor Venues, £0.2m Mecca Venues, £1.3m UK Digital and £2.2m Central.

Release from provision for property leases
The Group recognised a net release of £10.7m in relation to provisions for onerous leases in the period due to the successful surrender of a site within Mecca for a payment of £2.0m.

Aborted acquisition costs
Central cost includes £0.7m of aborted acquisition costs.

4 Financing

	Six months to 31 December 2016 (unaudited) £m	Six months to 31 December 2015 (unaudited) £m
Continuing operations		
Finance costs:		
Interest on debt and borrowings	**(1.3)**	(1.8)
Amortisation of issue costs on borrowings	**(0.2)**	(0.4)
Interest payable on finance leases	**(0.3)**	(0.4)
Unwinding of the discount in property lease provisions	**(0.4)**	(0.5)
Total finance costs	**(2.2)**	(3.1)
Finance income:		
Interest income on short term bank deposits	**0.1**	0.1
Finance income	**0.1**	0.1
Other financial losses - including foreign exchange	**(0.9)**	(0.7)
Total net financing cost for continuing operations	**(3.0)**	(3.7)
Discontinued operations		
Exceptional finance costs	**-**	(0.2)
Total net financing cost for discontinued operations	**-**	(0.2)
Total net financing costs	**(3.0)**	(3.9)

	Six months to 31 December 2016 (unaudited) £m	Six months to 31 December 2015 (unaudited) £m
Total net financing cost for continuing operations	**(3.0)**	(3.7)
Adjust for:		
Other financial losses - including foreign exchange	**0.9**	0.7
Interest payable included in adjusted profit	**(2.1)**	(3.0)

5 Taxation

Income tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial period.

	Six months to 31 December 2016 (unaudited)		
	Continuing operations £m	**Discontinued operations £m**	**Total £m**
Current income tax			
Current income tax – UK	**(5.7)**	**-**	**(5.7)**
Current income tax – overseas	**(1.2)**	**-**	**(1.2)**
Current income tax charge	**(6.9)**	**-**	**(6.9)**
Current income tax on exceptional items	**(1.6)**	**-**	**(1.6)**
Total current income tax charge	**(8.5)**	**-**	**(8.5)**
Deferred tax			
Deferred tax – UK	**(0.4)**	**-**	**(0.4)**
Deferred tax - overseas	**(0.1)**	**-**	**(0.1)**
Restatement of deferred tax from 18% to 17%	**1.1**	**-**	**1.1**
Deferred tax on exceptional items	**0.6**	**-**	**0.6**
Total deferred tax credit	**1.2**	**-**	**1.2**
Tax charge in the income statement	**(7.3)**	**-**	**(7.3)**

	Six months to 31 December 2015 (unaudited)		
	Continuing operations £m	Discontinued operations £m	Total £m
Current income tax			
Current income tax – UK	(7.1)	-	(7.1)
Current income tax – overseas	(0.6)	-	(0.6)
Current income tax charge	(7.7)	-	(7.7)
Amounts over provided in previous years on exceptional items	0.3	3.9	4.2
Total current income tax (charge) credit	(7.4)	3.9	(3.5)
Deferred tax			
Deferred tax – UK	(0.4)	-	(0.4)
Deferred tax – overseas	(0.1)	-	(0.1)
Restatement of deferred tax from 20% to 18%	3.1	-	3.1
Total deferred tax credit	2.6	-	2.6
Tax (charge) credit in the income statement	(4.8)	3.9	(0.9)

5 Taxation (continued)

The tax effect of items within other comprehensive income was as follows:

	Six months to 31 December 2016 (unaudited) £m	Six months to 31 December 2015 (unaudited) £m
Current tax credit on exchange movements offset in reserves	**0.2**	0.1
Total tax credit on items within other comprehensive income	**0.2**	0.1

The credit in respect of employee share schemes included within the Statement of Changes in Equity includes a deferred tax credit of £nil (six months to 31 December 2015: £0.2m).

Factors affecting future taxation

On 16 March 2016, the Chancellor of the Exchequer announced a further 1.0% reduction to the previously announced 18.0% main rate of UK corporation tax to 17.0% from 1 April 2020. This change was substantively enacted in September 2016.

On 8 July 2015, the Chancellor of the Exchequer announced the reduction in the main rate of UK corporation tax to 19.0% for the year starting 1 April 2017 and a further 1.0% reduction to 18.0% from 1 April 2020. These changes were substantively enacted in October 2015.

On 20 June 2014, the Spanish Government announced the reduction in the corporation tax rate in Spain from 30% to 28% for financial years beginning in 2015 and to 25% for financial years beginning in 2016 and onwards. These changes were substantively enacted in November 2014.

The rate reductions will reduce the amount of cash tax payments to be made by the Group.

A reconciliation of tax on continuing operations to tax included in adjusted profit is described below:

	Six months to 31 December 2016 (unaudited) £m	Six months to 31 December 2015 (unaudited) £m
Tax charge for continuing operations	**(7.3)**	(4.8)
Adjust for:		
Tax on exceptional items	**1.0**	(0.3)
Tax on adjusted items and impact of reduction in tax rate	**(1.3)**	(3.2)
Tax charge included in adjusted profit	**(7.6)**	(8.3)

6 Dividends

	Six months to 31 December 2016 (unaudited) £m	Six months to 31 December 2015 (unaudited) £m
Dividends paid to equity holders		
Final dividend for 2015/16 paid on 20 October 2016 - 4.70p per share	**18.4**	-
Final dividend for 2014/15 paid on 21 October 2015 - 4.00p per share	**-**	15.6
Refund of unclaimed dividends	**(0.2)**	-
Total	**18.2**	15.6

The Board has declared an interim dividend of 2.00p per ordinary share. The dividend will be paid on 21 March 2017 to shareholders on the register at 10 February 2017. The financial information does not reflect this dividend.

7 Adjusted earnings per share

Adjusted earnings is calculated by adjusting profit attributable to equity shareholders to exclude the impact of reductions in tax rate, discontinued operations, exceptional items, other financial gains or losses, unwinding of the discount in disposal provisions and the related tax effects. Adjusted earnings is one of the business performance measures used internally by management to manage the operations of the business. Management believes that the adjusted earnings measure assists in providing a view of the underlying performance of the business.

Adjusted net earnings attributable to equity shareholders is derived as follows:

	Six months to 31 December 2016 (unaudited) £m	Six months to 31 December 2015 (unaudited) £m
Profit attributable to equity shareholders	**28.1**	41.6
Adjust for:		
Discontinued operations (net of taxation)	**-**	(3.7)
Exceptional items after tax on continuing operations	**(0.8)**	(6.3)
Other financial losses	**0.9**	0.7
Taxation on adjusted items and impact of reduction in tax rate	**(1.3)**	(3.2)
Adjusted net earnings attributable to equity shareholders	**26.9**	29.1
Weighted average number of ordinary shares in issue	**390.7m**	390.7m
Adjusted earnings per share (p) - basic	**6.9p**	7.4p
Adjusted earnings per share (p) - diluted	**6.9p**	7.4p

8 Provisions

	Property lease provisions £m	Disposal provisions £m	Restructuring provisions £m	Indirect tax provisions £m	Total £m
At 1 July 2016	**44.5**	**4.4**	**-**	**1.2**	**50.1**
Exchange adjustments	**-**	**0.2**	**-**	**-**	**0.2**
Unwinding of discount	**0.4**	**-**	**-**	**-**	**0.4**
Charge to the income statement - exceptional	**-**	**-**	**2.0**	**0.2**	**2.2**
Release to the income statement - exceptional	**(10.7)**	**-**	**-**	**-**	**(10.7)**
Utilised in period	**(4.4)**	**(0.1)**	**-**	**-**	**(4.5)**
At 31 December 2016 (unaudited)	**29.8**	**4.5**	**2.0**	**1.4**	**37.7**
Current	**6.9**	**0.8**	**2.0**	**1.4**	**11.1**
Non-current	**22.9**	**3.7**	**-**	**-**	**26.6**
At 31 December 2016 (unaudited)	**29.8**	**4.5**	**2.0**	**1.4**	**37.7**

9 Borrowings to net debt reconciliation

Under IFRS, accrued interest and unamortised facility fees are classified as loans and borrowings. A reconciliation of loans and borrowings disclosed in the balance sheet to the Group's net debt position is provided below:

	At 31 December 2016 (unaudited) £m	At 31 December 2015 (unaudited) £m
Total loans and borrowings	**(104.5)**	(122.2)
Less: accrued interest	**0.4**	0.6
Less: unamortised facility fees	**(0.4)**	(0.7)
	(104.5)	(122.3)
Add: cash and short term deposits	**71.5**	70.3
Net debt	**(33.0)**	(52.0)

10 Cash generated from continuing operations

	Six months to 31 December 2016 (unaudited) £m	Six months to 31 December 2015 (unaudited) £m
Continuing operations		
Operating profit	**38.4**	46.4
Exceptional items	**(1.8)**	(6.0)
Operating profit before exceptional items	**36.6**	40.4
Depreciation and amortisation	**23.1**	22.3
Increase in inventories	**(0.2)**	(0.2)
Decrease in other receivables	**7.8**	7.3
Decrease in trade and other payables	**(8.4)**	(4.3)
Share-based payments	**(1.5)**	1.1
Loss on disposal of property, plant and equipment	**0.2**	-
Impairment of property, plant and equipment	**0.3**	0.4
	57.9	67.0
Cash utilisation of provisions (See note 8)	**(4.5)**	(3.3)
Cash payments in respect of exceptional items	**(1.6)**	-
Cash generated from continuing operations	**51.8**	63.7

11 Contingent liabilities

Property leases

Concurrent to the £211m sale and leaseback in 2006, the Group transferred the rights and obligations but not the legal titles of 44 property leases to a third party. The Group remains potentially liable in the event of default by the third party. Should default occur then the Group would have recourse to two guarantors. It is understood that, of the original 44 leases transferred, 9 of these have not expired or been surrendered. These 9 leases have durations of between 3 months and 96 years and a current annual rental obligation (net of sub-let income) of approximately £0.8m.

During 2014, the Group became aware of certain information in respect of a change in the financial position of the third party and one of the guarantors. However, the Group has not to date been notified of any default, or intention to default, in respect of the transferred leases.

12 Related party and ultimate parent undertaking

Guoco Group Limited (Guoco), a company incorporated in Bermuda, and listed on the Hong Kong stock exchange has a controlling interest in The Rank Group Plc. The ultimate parent undertaking of Guoco is Hong Leong Company (Malaysia) Berhad (Hong Leong) which is incorporated in Malaysia. At 31 December 2016, entities controlled by Hong Leong owned 56.2% of the Company's shares, including 52.0% through Guoco and its wholly-owned subsidiary, Rank Assets Limited, the Company's immediate parent undertaking.